



The President's Daily Brief

~~Top Secret~~ 11 October 1967



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DAILY BRIEF
11 OCTOBER 1967

1. Soviet Union

Moscow's announcement of a 15 percent increase in the defense budget does not mean that actual military outlays will go up that much next year. We doubt that they will.

Some of the announced increase probably reflects accounting changes which shift defense expenditures into the military budget from other budget categories. Also, major price changes put into effect in mid-year may have generated an "inflationary" effect on the defense budget.

The over-all Soviet budget for 1968 will be 12 percent larger than this year's. The defense share of this larger pie will go up from 13.2 to 13.5 percent.

2. Soviet Union

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3. Middle East

Arab terrorists from Syria have again been slipping across Jordan into Israel and the Israeli-occupied West Bank, despite Jordanian and Syrian efforts to stop them. The Israelis are warning publicly that they may have to strike back. If they do, it will be without warning. Syrian alarm at this prospect led President Atasi early this week to seek an urgent conference with the leaders of Iraq, presumably to ask for Iraqi aid if an attack comes.

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4. Egypt

People who have talked with Nasir recently have found him still deeply despondent over his shattered dreams for the country. [REDACTED]

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[REDACTED]

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Nasir [REDACTED]

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[REDACTED] does not seem to be active in the day-to-day business of government.

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Nasir is still the idol of the Egyptian masses, but his hold on the reins of power has clearly slipped. This is evident in the subsurface maneuverings under way among various contending government factions. We regard these as symptoms of his weakening prestige and influence rather than the development of clear-cut moves to oust him.

Nasir probably recognizes that none of his potential successors have the guts to assume responsibility for working out a postwar settlement. For this reason, he may well be around at least as long as he thinks such a settlement is possible.

5. Uruguay

President Gestido is moving with unprecedented force to back up the security measures he declared Monday night. Several union leaders have been jailed, [REDACTED] and all pro-strike rallies and propaganda have been banned. The Communists may still try to pull off the general strike they had scheduled for today, but their chances of success are now greatly diminished.

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6. Ecuador

President Arosemena is certainly not getting any kudos from other Latin American capitals for his abrupt move against Ambassador Coerr. [REDACTED]

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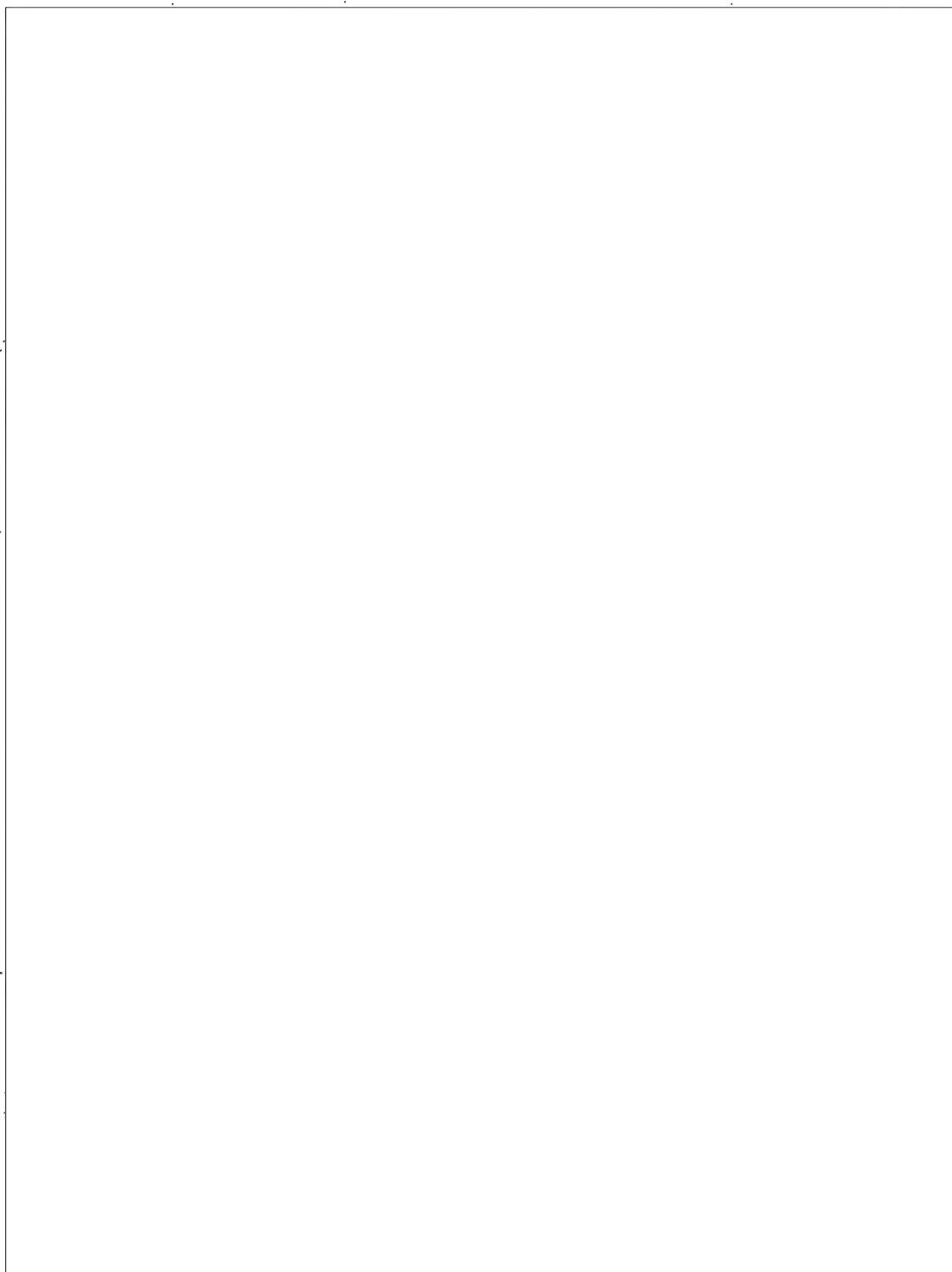
Arosemena's latest gambit was dictated, as is most everything he does, by his calculation of how best to further his own political fortunes. His foreign minister said as much on Monday when he privately called the move "absolutely essential from a political standpoint." Now, he went on, the President can have the upper hand when Congress meets next month.

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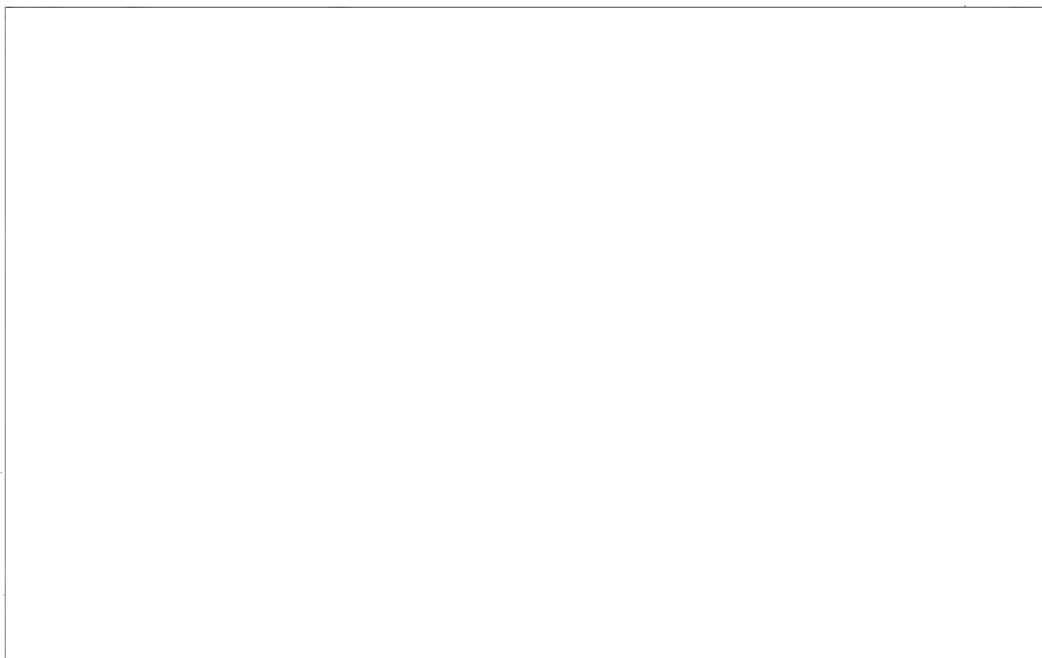
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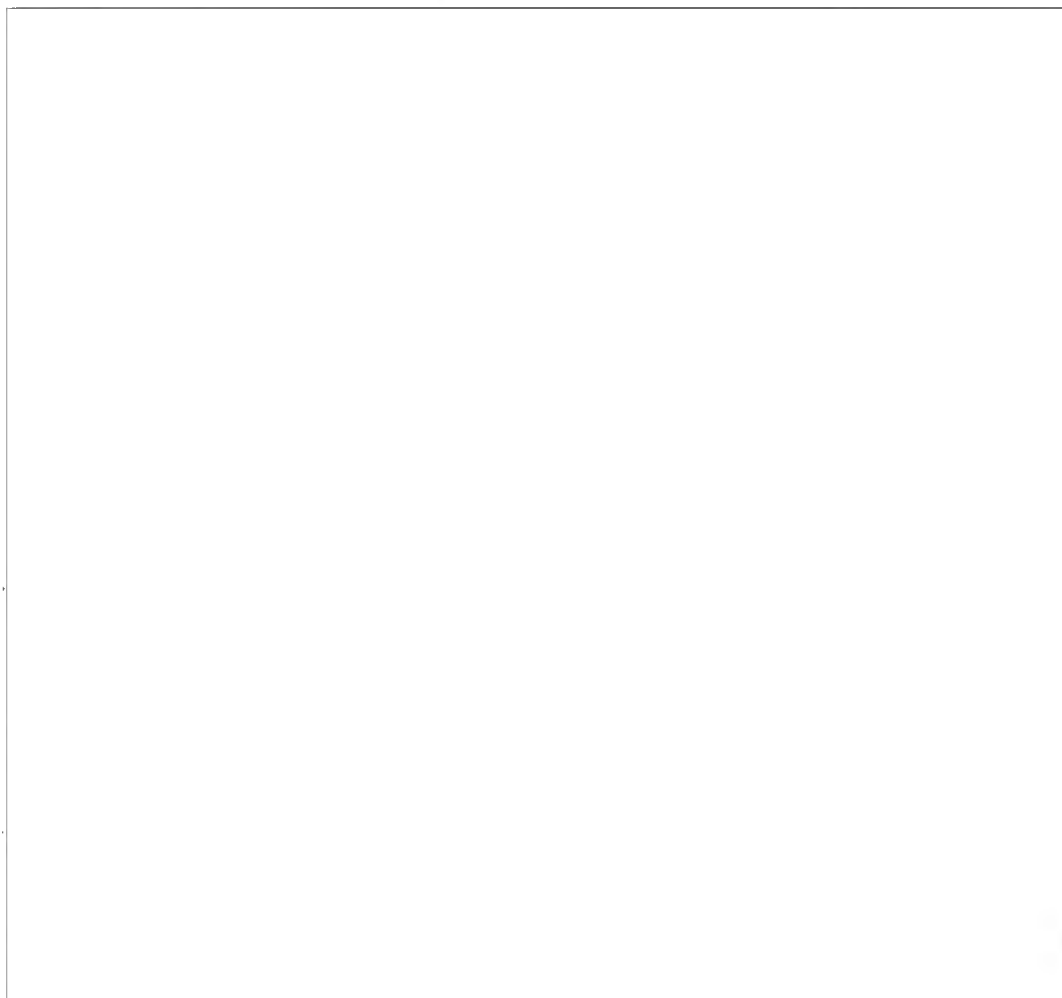
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**SPECIAL DAILY REPORT ON NORTH VIETNAM
FOR THE PRESIDENT'S EYES ONLY**



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Special Daily Report on North Vietnam
for the President's Eyes Only

11 October 1967

I. NOTES ON THE SITUATION

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II. NORTH VIETNAMESE REFLECTIONS OF US POLITICAL
ATTITUDES TOWARD THE WAR

More Comments on the San Antonio Speech: Hanoi has offered another rebuttal to President Johnson's 29 September San Antonio speech in the 3 October issue of the army daily paper. This rebuttal has also been broadcast throughout North Vietnam.

The article claimed at the outset that just as Ambassador Goldberg's earlier speech on Vietnam had been an effort to "fool world public opinion," the President in his statement tried "to fool US public opinion." It ridiculed the President's declarations that the US is "ready to stop immediately the aerial

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bombing and naval shelling of the North should this lead quickly to fruitful talks," and that "the US wants North Vietnam not to misuse this pause or bombing restriction during the talks."

Hanoi claimed that the President's statement, "despite its new gloss," was the same old "100 percent aggressive US stand." "This is but a conditional pause," the article contended, and "by demanding a similar act or fruitful talks, Johnson is insolently posing prerequisites for the talks." Moreover, the article asserted that the US wants not only a conditional pause, but talks in accordance with the "American conditions."

The article also restated Hanoi's long-standing demand that the bombings must be stopped unconditionally before any talks can be held and underscored Hanoi's determination to fight for "5, 10, 20 or more years until final victory can be achieved."

* * *

Hanoi on "Peaceful Settlement": In its customary fashion, Hanoi is once again claiming that current US statements about a peaceful settlement of the war are merely shields behind which "the US imperialists have further escalated the war." In a domestic broadcast on 5 October, Hanoi offered a wrap-up of the US "criminal escalation" alleging that the latest bombing raids have been mainly directed against densely populated areas, as well as economic and civilian establishments including a number of schools. The broadcast pointed out, however, that the furious struggle by the Vietnamese people in both the North and South is forcing the US to pay a heavy price for its aggression, and that the people of Vietnam are resolved to fight and win "no matter how much longer we will have to fight and no matter what hardships we will have to undergo."

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